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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

PUBLIC UTILITY DISTRICT NO. 2 OF
GRANT COUNTY, WASHINGTON,

Plaintiff,

vs.

PACIFIC GAS AND ELECTRIC COMPANY,

Defendant.

Case No.: C 07-03243 JSW

Chapter 11 Case

Bankr. Case No. 01-30923 DM

**STIPULATION REGARDING
SETTLEMENT IN PRINCIPLE;
~~PROPOSED~~ ORDER THEREON**

1 Pursuant to Local Rule 7-7, Plaintiff Public Utility District No. 2 of Grant County,
2 Washington ("Grant County") and Defendant Pacific Gas and Electric Company ("PG&E"), by and
3 through their respective attorneys of record, hereby stipulate and agree, and respectfully request an
4 order of the Court, as follows:

5 WHEREAS, Grant County filed in this Court its Motion for (I) Withdrawal of Reference of
6 Proof of Claim and (II) Transfer of Venue Thereof to the United States District Court for the
7 Eastern District of Washington (Docket No. 1) (the "Withdrawal Motion");

8 WHEREAS, Grant County also has filed in connection with the Withdrawal Motion its
9 Motion to Strike Notice of December 4 Order by Judge Wendell Mortimer, Jr. of the Los Angeles
10 County Superior Court (Docket No. 33) (the "Motion to Strike"), which was set for hearing on
11 March 7, 2008 (the "March Hearing");

12 WHEREAS, the Court entered an order on January 8, 2008 (Docket No. 37) setting a
13 briefing schedule on the Motion to Strike, including establishing deadlines of January 18, 2008 to
14 file an opposition to the Motion to Strike and January 25, 2008 to file a reply brief to any such
15 opposition (the "Reply Deadline");

16 WHEREAS, on January 15, 2008, PG&E filed an opposition to the Motion to Strike
17 (Docket No. 38);

18 WHEREAS, on January 24, 2008, the parties filed a joint notice with the Court indicating
19 that the parties have agreed to a settlement in principle and are in the process of entering into a
20 written settlement agreement; and

21 WHEREAS, because the settlement, once final, will render the Withdrawal Motion and
22 Motion to Strike moot, the parties desire that the Court hold in abeyance a ruling on the Withdrawal
23 Motion and Motion to Strike, cancel the March Hearing and suspend the Reply Deadline pending
24 finalization of the written settlement.

25 NOW THEREFORE, the parties hereto stipulate and agree:

26 1. Pending further order of the Court while the parties finalize the settlement in
27 principle of the Withdrawal Motion and Motion to Strike: (a) the Court shall hold in abeyance
28 rulings on the Withdrawal Motion and the Motion to Strike; (b) the March Hearing is cancelled

1 with respect to the Motion to Strike; and (c) the Reply Deadline is suspended.

2 The parties hereto respectfully request that the Court enter an Order according to these
3 stipulated terms.

4 Dated: January 24, 2008

Respectfully submitted,

6 HOWARD RICE NEMEROVSKI CANADY
7 FALK & RABKIN
8 A Professional Corporation

9 HELLER EHRMAN LLP

10 By _____/s/_____

11 Peter J. Benvenuti

12 Attorneys for Defendant
13 PACIFIC GAS AND ELECTRIC COMPANY

16 JONES DAY

17 By _____/s/_____

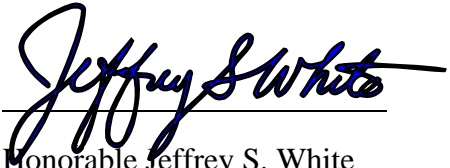
19 Peter G. McAllen

20 Attorneys for Plaintiff
21 PUBLIC UTILITY DISTRICT NO. 2 OF GRANT
22 COUNTY, WASHINGTON

ORDER

PURSUANT TO STIPULATION, IT IS SO ORDERED.

DATED: January 25, 2008

A handwritten signature in blue ink, reading "Jeffrey S. White", written over a horizontal line.

Honorable Jeffrey S. White

United States District Judge